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October 5, 2022

Via Federal Express Delivery

Marshal Austin, Esq.
Nelson Mullins, Riley & Scarborough, LLP
151 Meeting Street, Suite 600
Charleston, South Carolina 29401

RE: *United States of America v. Russell Lucius Laffitte*, Case No. 9:22-cr-00658-RMG
Response to Subpoenas 1 and 2

Dear Matt:

I have received two subpoenas from your office, more specifically identified as follows:

- ♦ Subpoena to Produce Documents, Information, or Objects in a Criminal Case to Palmetto State Bank, dated September 16, 2022, with Attachment A, including 7 enumerated requests:
 1. A list of any unsecured loans made by the bank since 2011. My guess is that the list will be relatively small but if not, I'm happy to change the search parameters to come up with a more manageable number.
 2. All FDIC reports related to reviews of loans extended to Alex Murdaugh going back to 2011.
 3. All 3rd party audit reports related to reviews of loans extended to Alex Murdaugh going back to 2011.
 4. Any internal, electronic communications related to concerns over Alex Murdaugh loans.
 5. The Greg Harris Report.
 6. Any reports related to Sarbane Oxley Reviews of internal controls at PSB from 2011 until present.
 7. A list of all loans approved by Jan Malinowski from 2011 until present.
- ♦ Subpoena to Produce Documents, Information, or Objects in a Criminal Case to Palmetto State Bank, dated September 20, 2022, with 2 enumerated requests:
 1. Any and all Elliott Davis reports related to financial statement audits from 2011 through present.
 2. Any and all reports, working papers, or notes related to Loan Portfolio Quality Review Reports prepared by the Risk Management Group from 2011 through present.

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Since our receipt of the first subpoena you and I have had several opportunities to confer about the requests. I appreciate our congenial relationship and your willingness to cooperatively approach the requests. We have discussed Palmetto State Bank's concerns regarding some of the requests and we have conferred to attempt to work toward the most efficient way to proceed. In furtherance of that cooperation, you and I agreed that PSB's right to file a motion to quash and/or modify the subpoenas shall be reserved pending our ongoing discussions.

I write today to document several objections, which we have already discussed, and to produce certain responsive documents. Specifically, we are producing herewith documents bearing Bates Numbers **PSB 205704** through **PSB 206372**.

Subpoena #1, dated September 16, 2022

1. List of any unsecured loans made by the bank since 2011.

RESPONSE:

Responsive documents are included in the folder identified as Item 1. Unsecured Loans. The reports produced show the new unsecured loans for greater than \$25,000 opened in the indicated year. The 2017 report is slightly different, as it includes all such loans pending as of that date. These documents have been redacted to remove personal identifying information and other protected information belonging to PSB accountholders and/or customers. See PSB 205704 through PSB 205717.

2. All FDIC reports related to reviews of loans extended to Alex Murdaugh going back to 2011.

RESPONSE:

The requested documents are exempt records of the FDIC and may only be disclosed to third parties by the FDIC. Palmetto State Bank is not authorized to release FDIC records. This matter is addressed in 12 C.F.R. § 309.6(b)(8). In the folder identified as Item 2. FDIC, I am producing herewith an email from Attorney Leroy Culton, counsel to the FDIC, in which he confirms the FDIC's position. See PSB 205718.

3. All third-party audit reports related to reviews of loans extended to Alex Murdaugh going back to 2011.

RESPONSE:

Responsive documents are included in the folder identified as Item 3. Third Party Reports re: Murdaugh Loans. The documents produced include Loan Portfolio Quality Review Reports and Worksheets that reference loans extended to Alex Murdaugh. These documents were prepared by The Risk Management Group Co., LLC. These documents have been redacted to remove personal identifying information and other protected information belonging to PSB accountholders and/or customers. See PSB 205719 through 205823 and PSB 205824 through 205847.

4. Any internal electronic communications related to concerns over Alex Murdaugh loans.

RESPONSE:

We have a discrete set of emails between Alex Murdaugh and Russell Laffitte. They are produced herewith in the folder identified as Item 4. Emails re Concerns over AM Loans and bearing Bates Numbers **PSB 206359** through **PSB 206372**. We are in the process of collecting other potentially responsive emails and will work diligently to complete the review process.

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5. The Greg Harris Report.

RESPONSE:

PSB objects to this request because it seeks the disclosure of the work, advice, and opinions of Greg Harris, the attorney hired by PSB in November 2021 to conduct an independent review of matters involving Alex Murdaugh and PSB that had come to light in the preceding months. At the outset of his involvement, Mr. Harris and PSB entered into an engagement agreement establishing a formal attorney-client relationship. PSB has not waived any privilege or protection that arises from this attorney-client relationship.

The investigative work performed by Mr. Harris for PSB involved reporting to the client and other counsel for PSB as well as providing opinions and advice, including rendering a written report. I believe this report is what you are referring to as “The Harris Report.” The entire report itself is a confidential communication. The report includes the confidential analysis of information Mr. Harris obtained in his review. The report (along with its exhibits and supporting documents) is protected by both the attorney-client privilege and work product protection. Again, PSB has not waived any privilege or protection that arises from this attorney-client relationship.

6. Any reports related to Sarbanes Oxley reviews of internal controls at PSB from 2011 until present.

RESPONSE:

I have conferred with my client and confirmed that the bank is not subject to any requirements of the Sarbanes-Oxley Act. Accordingly, there are no responsive documents.

7. List of all loans approved by Jan Malinowski from 2011 to present.

RESPONSE:

Attached please find documents in the folder identified as Item 7. Malinowski Loans. These documents have been redacted to remove personal identifying information and other protected information belonging to PSB accountholders and/or customers. See PSB 205848 through PSB 205874 and PSB 206352 through PSB 206358.

Subpoena #2, dated September 20, 2022

8. Any and all Elliott Davis reports related to financial statement audits from 2011 through the present.

RESPONSE:

Attached in the folder identified as Item 8. Elliott Davis and Hunt Financial Statements, please find the 2017, 2018, 2019, and 2020 Consolidated Financial Statements prepared by Elliott Davis, LLC and the 2011, 2012, 2013, 2014, 2015, and 2016 Independent Auditors’ Reports prepared by J.W. Hunt and Company, LLP. See PSB 205875 through PSB 206249.

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9. Any and all reports, working papers, or notes related to Loan Portfolio Quality Review Reports prepared by the Risk Management Group from 2011 through present.

RESPONSE:

Responsive documents are included in the folder identified as Item 9. Reports by Risk Management. The documents produced include Loan Portfolio Quality Review Reports that do not specifically mention loan extended to Alex Murdaugh. These documents were prepared by The Risk Management Group Co., LLC. These documents have been redacted to remove personal identifying information and other protected information belonging to PSB accountholders and/or customers. See PSB 206250 through PSB 206347.

The documents produced in Folders 1 and 7 reference certain loan codes. Produced in the folder identified as Item 10. Loan Code Documents, please find three documents containing information about those codes. See PSB 206348 through PSB 206351.

As we continue to work on review of documents potentially responsive to Request 4 (internal electronic communications related to concerns over Alex Murdaugh loans), I will keep you updated. In the interim, please do not hesitate to contact me with any questions.

Sincerely,

/s/

Thomas P. Gressette, Jr.

Enclosure: Flash Drive